

Message Text

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ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 EA-07 SS-15 NSC-05 SP-02 L-03

AID-05 IGA-02 H-02 CIAE-00 INR-07 NSAE-00 EB-07 OMB-01

TRSE-00 /071 W

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R 290958Z JAN 76

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 1492

SECDEF WASHDC

INFO USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L TUNIS 0593

USCINCEUR ALSO FOR POLAD

E.O. 11652: GDS

TAGS: MASS, TS

SUBJECT: FY 77 MILITARY SECURITY ASSISTANCE

REF: STATE 17013 (DTG 230319Z JAN 76), 75 TUNIS 6706
(DTG 110953Z NOV 75)

1. 1. ANSWERS TO PARA 6 STATE REFTEL KEYED TO LETTERED
QUESTIONS AS FOLLOWS:

A. AS EMBASSY EXPLAINED LAST NOVEMBER (75 TUNIS 6706)
(WITH RESPECT TO FY 76 AND 77 FMS), IT IS ANTICIPATED
FY 77 FMS CREDIT WILL BE APPLIED BY GOT TO PURCHASE OF
AIR DEFENSE EQUIPMENT. HOWEVER, GOT HAS NOT RPT NOT YET
FINALLY DECIDED WHETHER AND IN WHAT TIMEFRAME IT WISHES
PLACE PURCHASE ORDER FOR SUCH EQUIPMENT. EMBASSY IS
AWAITING GOT DECISION WITH RESPECT TO CHAPARRAL SYSTEM
IN LIGHT OF TECHNICAL BRIEFINGS AFFORDED MINISTRY OF
DEFENSE IN DECEMBER. IF GOT DECIDES IT WISHES PURCHASE
CHAPARRAL, AND IF USG APPROVES TRANSACTION, GOT WILL
ACCEPT AND CONSUMMATE CREDIT AGREEMENT AT LEVEL INDICATED.
IF SUCH FMS CREDIT IS NOT AVAILABLE, GOT WILL ALMOST
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CERTAINLY NOT PURCHASE CHAPARRAL.

B. ENTIRE AMOUNT OF FMS CREDIT REQUESTED WOULD BE DEVOTED TO PURCHASE OF CHAPARRAL MISSILE SYSTEM, OR OTHER ELEMENT OF TUNISIAN MILITARY AUGMENTATION PLAN, AS TOP PRIORITY.

C. SAM DEFENSE CAPABILITY FOR GOT IS NOT YET APPROVED AS FORCE-GOAL BY USG. CREDIT REQUESTED WOULD DIRECTLY SUPPORT A MILITARY REQUIREMENT DERIVED FROM THIS FORCE-GOAL, GIVEN FAVORABLE USG DETERMINATION.

D. DETERRENT CAPABILITY WHICH GOT POSSESSION OF AIR DEFENSE SYSTEM WOULD PROVIDE WOULD CONTRIBUTE TO AREA STABILITY, IN KEEPING WITH U.S. NATIONAL SECURITY INTERESTS.

E. THERE IS NO GRANT MATERIEL PROGRAM. UNDER CURRENT PROPOSALS, FMS CREDIT WOULD BE USED TO FINANCE PACKAGE INCLUDING EQUIPMENT AND TRAINING IN ITS USE/MAINTENANCE. CREDIT PROGRAM WOULD THEREFORE NOT IMPINGE SIGNIFICANTLY, IF AT ALL, ON PLANNED GRANT TRAINING PROGRAM.

F. STATEMENT IN PARA F, TUNIS REFTEL, ON RELEVANT POLICY CONSIDERATIONS REMAINS ENTIRELY VALID.

G. CREDIT SALE ANTICIPATED WILL IN EMBASSY'S JUDGMENT HAVE NO EFFECT ON REGIONAL ARMS BALANCE AND WILL NOT RPT NOT CONTRIBUTE TO AN ARMS RACE.

H. PROVISION OF FMS CREDIT FOR PURCHASE OF SAM SYSTEM APPEARS ESSENTIAL IF GOT IS TO OBTAIN THAT SYSTEM. USG INTEREST IN CONTINUATION OF PRESENT HIGH LEVEL OF TUNISIAN CAPITAL INVESTMENT IN PRODUCTIVE ENTERPRISES MILITATES AGAINST CASH PURCHASE BY GOT OF COSTLY MILITARY EQUIPMENT.

I. ALTHOUGH TUNISIA'S DEBT SERVICE RATIO IN 1975 INCREASED SLIGHTLY BECAUSE OF DECREASED EXPORTS, IT WAS STILL QUITE SATISFACTORY. COUPLED WITH SOLID FOREIGN EXCHANGE RESERVES, THIS SHOULD PERMIT TUNISIA TO TAKE ON ADDITIONAL FOREIGN INDEBTEDNESS WITHOUT SERIOUSLY
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CURTAILING ITS AMBITIOUS FUTURE DEVELOPMENT PROGRAM OR REDUCING DOMESTIC STANDARD OF LIVING. UNLESS ECONOMIC SITUATION TAKES UNEXPECTED TURN FOR WORSE, EARNINGS FROM EXPORTS, TOURISM AND WORKER REMITTANCES AS WELL AS NEW CAPITAL INFLOWS SHOULD CREATE SATISFACTORY FUTURE BALANCE OF PAYMENTS SITUATION. FUTURE BUDGETARY RESOURCES SHOULD ALSO NOT BE STRAINED BY REPAYMENT OF PROPOSED FMS CREDIT.

J. GOT REPORTEDLY INTENDS PURCHASE IN FY 77 OF TWO PATROL BOATS FROM UK FOR APPROXIMATELY \$2,160,000 EACH. MINISTRY OF DEFENSE HAS COMMENTED THAT PURCHASE OF INTERCEPTOR AIRCRAFT (CONTEMPLATED AT COST OF ABOUT \$57 MILLION) WOULD BE DELAYED "A COUPLE OF YEARS"; I.E., UNTIL FY 77. GOT ALSO CONSIDERING PURCHASE OF THREE TRANSPORT AIRCRAFT FROM ITALY (G-222) OR CANADA (C-8A) IN FY 77. THESE PLANS REFLECT REALISTIC REQUIREMENTS IN ADDITION TO CHAPARRAL MISSILE SYSTEM TO WHICH GOT ASCRIBES TOP PRIORITY. IN LIGHT OF HEAVY FINANCIAL OBLIGATIONS WHICH IMPLEMENTATION OF THESE PLANS WOULD INVOLVE, HOWEVER, PROPOSED FY 77 FMS CREDIT FOR APPLICATION TO PHASED PURCHASE OF CHAPARRAL SYSTEM WOULD BE WELCOME.

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